## UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

#### FORM 8-K

# CURRENT REPORT Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 3, 2020

### HARMONIC INC.

(Exact name of Registrant as specified in its charter)

Delaware000-2582677-0201147(State or other jurisdiction of incorporation)Commission File Number(IRS Employer Identification No.)

4300 North First Street San Jose, CA 95134

(Address of principal executive offices, including zip code)

(408) 542-2500

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check to		tended to simultaneously satisfy the f	iling obligation of the registrant under any of the followin											
	Written communications pursuant to Rule 425 under	er the Securities Act (17 CFR 230.42	5)											
	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)													
	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))													
	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))													
Securiti	es registered pursuant to Section 12(b) of the Act:													
	Title of each class	Trading Symbol(s)	Name of each exchange on which registered											
	Common Stock, par value \$0.001 per share	HLIT	The NASDAQ Stock Market LLC											

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company □
If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. $\Box$

#### Item 2.02. Results of Operations and Financial Condition.

On February 3, 2020, Harmonic Inc. ("Harmonic") issued a press release regarding its preliminary unaudited financial results for the quarter and year ended December 31, 2019. In the press release, Harmonic also announced that it would be holding a conference call on February 3, 2020 to discuss its financial results for the quarter and year ended December 31, 2019. A copy of the press release is furnished as Exhibit 99.1 hereto, and the information in Exhibit 99.1 is incorporated herein by reference.

The information in this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 attached hereto is being furnished and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section, and this Item 2.02 of this Current Report on Form 8-K and Exhibit 99.1 furnished herewith shall not be incorporated by reference into any filing by Harmonic under the Securities Act of 1933, as amended (the "Securities Act"), or under the Exchange Act.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number

Description

99.1 Press release of Harmonic Inc. dated February 3, 2020, entitled "Harmonic Announces Fourth Quarter and Fiscal 2019 Results."

#### **EXHIBIT INDEX**

Exhibit

Number Description

99.1 Press release of Harmonic Inc. dated February 3, 2020, entitled "Harmonic Announces Fourth Quarter and Fiscal 2019 Results."

#### **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: February 3, 2020 HARMONIC INC.

By: /s/ Sanjay Kalra

Sanjay Kalra

Chief Financial Officer



#### FOR IMMEDIATE RELEASE

#### Press Release

#### **Harmonic Announces Fourth Quarter and Fiscal 2019 Results**

Strong Cable Access Revenue Growth Record Video Gross Margins

**SAN JOSE, California, February 3, 2020** - Harmonic Inc. (NASDAQ: HLIT) today announced its unaudited results for the fourth quarter and fiscal year ended December 31, 2019.

"Harmonic delivered another quarter of strong financial and strategic results," said Patrick Harshman, president and chief executive officer of Harmonic. "Our industry-leading CableOS solution continued to gain market share, resulting in 78.3% revenue growth year over year. Our Video segment reported record gross margin of 60% and operating margin of 14%, reflecting our ongoing profitable transformation to live streaming software and SaaS."

#### **Q4 Financial and Business Highlights**

#### Financial

- Revenue: \$122.2 million, up 7.5% year over year.
- SaaS and service revenue: \$36.3 million, up 18.9% year over year.
- Gross margin: GAAP 50.5% and non-GAAP 52.3%, compared to GAAP 53.1% and non-GAAP 54.5% in the year ago period.
- Cable Access segment revenue: \$43.0 million, up 78.3% year over year.
- Video segment gross margin: 60.0%, compared to 57.5% in the year ago period.
- Operating income: GAAP income \$6.7 million and non-GAAP income \$14.8 million, compared to GAAP income \$7.3 million and non-GAAP income \$12.7 million in the year ago period.
- EPS: GAAP net income per share 6 cents and non-GAAP net income per share 12 cents, compared to GAAP net income per share 4 cents and non-GAAP net income per share 11 cents in the year ago period.
- Cash: \$93.1 million, up \$27.1 million year over year.

#### Business

- CableOS solution commercially deployed with 23 customers, up over 20% quarter over quarter.
- Initial multi-million dollar CableOS purchase orders received from two new international Tier 1 operators.
- Video SaaS customer base increased from 36 to 48 customers, up 33% quarter over quarter and 153% year over year.
- Video SaaS annual recurring revenue of \$16.3 million, up 70% year over year.

#### **Select Financial Information**

				GAAP	P Non-GAA								P				
Key Financial Results		Q4 2019	Q3 2019			Q4 2018	_		Q4 2019		Q3 2019		Q4 2018				
						(in millions,	except pe	r sh	are data)								
Net revenue	\$	122.2	\$	115.7	\$	113.7		\$	122.2	\$	115.7	\$	113.6				
Net income	\$	5.6	\$	11.7	\$	3.3		\$	12.1	\$	24.6	\$	9.7				
Diluted EPS	\$	0.06	\$	0.12	\$	0.04		\$	0.12	\$	0.25	\$	0.11				
Other Financial Information									Q4 2019		Q3 2019		Q4 2018				
										(i	n millions)						
Bookings for the quarter								\$	140.1	\$	126.5	\$	92.8				
Backlog and deferred revenue as of quarter en	d							\$	210.2	\$	192.5	\$	186.4				
Cash and cash equivalents as of quarter end \$ 93.1 \$ 66.7 \$										66.0							

Explanations regarding our use of non-GAAP financial measures and related definitions, and reconciliations of our GAAP and non-GAAP measures, are provided in the sections below entitled "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations".

#### **Financial Guidance**

	Q		2				
GAAP Financial Guidance	 Low		High		Low		High
	(	(in mil	lions, except perc				
Net Revenue	\$ 80.0	\$	90.0	\$	390.0	\$	430.0
Video	\$ 60.0	\$	65.0	\$	260.0	\$	280.0
Cable Access	\$ 20.0	\$	25.0	\$	130.0	\$	150.0
Gross Margin %	47.5%	ó	49.0%		49.0%		54.0%
Operating Expenses	\$ 55.5	\$	57.5	\$	214.0	\$	226.5
Operating Income (Loss)	\$ (19.5)	\$	(11.0)	\$	(24.0)	\$	5.0
Tax Expense	\$ 0.7	\$	0.7	\$	2.9	\$	2.9
EPS	\$ (0.24)	\$	(0.16)	\$	(0.40)	\$	(0.11)
Shares	95.8		95.8		97.7		97.7
Cash	\$ 70.0	\$	80.0	\$	50.0	\$	60.0

	Q1	2020		2020					
Non-GAAP Financial Guidance	 Low		High		Low		High		
	 (i	n mill	lions, except perce	ntages and	per share a	lata)			
Net Revenue	\$ 80.0	\$	90.0	\$	390.0	\$	430.0		
Video	\$ 60.0	\$	65.0	\$	260.0	\$	280.0		
Cable Access	\$ 20.0	\$	25.0	\$	130.0	\$	150.0		
Gross Margin %	50.0%		52.0%		50.0%		55.0%		
Operating Expenses	\$ 48.0	\$	50.0	\$	190.0	\$	202.0		
Operating Income (Loss)	\$ (9.5)	\$	(1.5)	\$	5.0	\$	34.0		
Tax rate	10%		10%		10%		10%		
EPS	\$ (0.10)	\$	(0.03)	\$	0.00	\$	0.26		
Shares	95.8		95.8		97.7		101.2		
Cash	\$ 70.0	\$	80.0	\$	50.0	\$	60.0		

See "Use of Non-GAAP Financial Measures" and "GAAP to Non-GAAP Reconciliations" below.

#### **Conference Call Information**

Harmonic will host a conference call to discuss its financial results at 2:00 p.m. Pacific (5:00 p.m. Eastern) on Monday, February 3, 2020. The live webcast will be available on the Harmonic Investor Relations website at http://investor.harmonicinc.com. An audio version of the webcast will be available by calling +1.574.990.1032 or +1.800.240.9147 (passcode 7278754). A replay will be available after 5:00 p.m. PT on the same web site or by calling +1.404.537.3406 or +1.855.859.2056 (passcode 7278754).

#### **About Harmonic Inc.**

Harmonic (NASDAQ: HLIT), the worldwide leader in video delivery technology and services, enables media companies and service providers to deliver ultra-high-quality broadcast and OTT video services to consumers globally. The Company has also revolutionized cable access networking via the industry's first virtualized cable access solution, enabling cable operators to more flexibly deploy gigabit internet service to consumers' homes and mobile devices. Whether simplifying OTT video delivery via innovative cloud and software-as-a-service (SaaS) technologies, or powering the delivery of gigabit internet cable services, Harmonic is changing the way media companies and service providers monetize live and VOD content on every screen. More information is available at www.harmonicinc.com.

#### **Legal Notice Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements related to our expectations regarding: GAAP net revenue, GAAP gross margins, GAAP operating expenses, GAAP operating income (loss), GAAP tax expense, GAAP EPS, non-GAAP revenue, non-GAAP gross margins, non-GAAP operating expenses, non-GAAP operating income (loss), non-GAAP tax rate and non-GAAP EPS and cash. Our expectations regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include, in no particular order, the following: the trends toward more high-definition, on-demand and anytime, anywhere video will not continue to develop at its current pace; the possibility that our products will not generate sales that are commensurate with our expectations or that our cost of revenue or operating expenses may exceed our expectations; the mix of products and services sold in various geographies and the effect it has on gross margins; delays or decreases in capital spending in the cable, satellite, telco, broadcast and media industries; customer concentration and consolidation; the impact of general economic conditions on our sales and operations; our ability to develop new and enhanced products in a timely manner and market acceptance of our new or existing products; losses of one or more key customers; risks associated with our international operations; exchange rate fluctuations of the currencies in which we conduct business; risks associated with our CableOS® and VOS® product solutions; dependence on market acceptance of various types of broadband services, on the adoption of new broadband technologies and on broadband industry trends; inventory management; the lack of timely availability of parts or raw materials necessary to produce our products; the impact of increases in the prices of raw materials and oil; the effect of competition, on both revenue and gross margins; difficulties associated with rapid technological changes in our markets; risks associated with unpredictable sales cycles; our dependence on contract manufacturers and sole or limited source suppliers; and the effect on our business of natural disasters. The forward-looking statements contained in this press release are also subject to other risks and uncertainties, including those more fully described in Harmonic's filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K for the year ended December 31, 2018, our most recent Quarterly Report on Form 10-Q and our Current Reports on Form 8-K. The forward-looking statements in this press release are based on information available to the Company as of the date hereof, and Harmonic disclaims any obligation to update any forward-looking statements.

#### Use of Non-GAAP Financial Measures

The Company reports its financial results in accordance with accounting principles generally accepted in the United States ("GAAP" or referred to herein as "reported"). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business, establish operating budgets, set internal measurement targets and make operating decisions.

These non-GAAP measures are not in accordance with, or an alternative for, measures prepared in accordance with generally accepted accounting principles and may be different from non-GAAP measures used by other companies. In addition, these non-GAAP measures are not based on any comprehensive set of accounting rules or principles. The Company believes that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Harmonic's results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate Harmonic's results of operations in conjunction with the corresponding GAAP measures.

The Company believes that the presentation of non-GAAP measures when shown in conjunction with the corresponding GAAP measures, provides useful information to investors and management regarding financial and business trends relating to its financial condition and its historical and projected results of operations. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company's reported results prepared in accordance with GAAP.

The non-GAAP measures presented here are: revenue, segment revenue, gross profit, operating expenses, income (loss) from operations, non-operating expenses and net income (loss) (including those amounts as a percentage of revenue), and net income (loss) per diluted share. The presentation of non-GAAP information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP, and is not necessarily comparable to non-GAAP results published by other companies. A reconciliation of the historical non-GAAP financial measures discussed in this press release to the most directly comparable historical GAAP financial measures is included with the financial statements provided with this press release. The non-GAAP adjustments described below have historically been excluded from our GAAP financial measures.

Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

Cable Access inventory charge - Harmonic from time to time incurs inventory impairment charges associated with material business shifts, such as the repositioning of our Cable Access segment. We exclude these items, because we do not believe they are reflective of our ongoing long-term business and operating results.

Stock-based compensation - Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We believe that management is limited in its ability to project the impact stock-based compensation would have on our operating results. In addition, for comparability purposes, we believe it is useful to provide a non-GAAP financial measure that excludes stock-based compensation in order to better understand the long-term performance of our core business and to facilitate the comparison of our results to the results of our peer companies.

Amortization of intangibles - A portion of the purchase price of our acquisitions is generally allocated to intangible assets, and is subject to amortization. However, Harmonic does not acquire businesses on a predictable cycle. Additionally, the amount of an acquisition's purchase price allocated to intangible assets and the term of its related amortization can vary significantly and is unique to each acquisition. Therefore, we believe that the presentation of non-GAAP financial measures that adjust for the amortization of intangible assets provides investors and others with a consistent basis for comparison across accounting periods.

Restructuring and related charges - Harmonic from time to time incurs restructuring charges which primarily consist of employee severance, one-time termination benefits related to the reduction of its workforce, lease exit costs, and other costs. These charges are associated with material business shifts. We exclude these items because we do not believe they are reflective of our ongoing long-term business and operating results.

Loss on debt extinguishment - In the third quarter of fiscal 2019, we recorded a debt extinguishment loss of \$5.7 million resulting from refinancing a portion of our convertible notes due in 2020. We have excluded this loss from our non-GAAP financial measures because we do not believe the loss is reflective of our ongoing long-term business and operating results.

Non-cash interest expense and other expenses related to convertible notes - We record the accretion of the debt discount related to the equity component and amortization of issuance costs as non-cash interest expense. We believe that excluding these costs provides meaningful supplemental information regarding operational performance and liquidity, along with enhancing

investors' ability to view the Company's results from management's perspective. In addition, we believe excluding these costs from the non-GAAP measures facilitates comparisons to our historical operating results and comparisons to peer company operating results.

Accounting impact related to warrant amortization - We issued a warrant to a customer, Comcast Corporation, in September 2016 pursuant to which Comcast may purchase up to 7.8 million shares of Harmonic common stock. In July 2019, in connection with Comcast's election of enterprise license pricing for the Company's CableOS software, all warrant shares were fully vested and exercisable as of July 1, 2019. As a result of Comcast's election of enterprise license pricing, we no longer exclude the effect of warrant amortization in our non-GAAP financial measures beginning with the third quarter of fiscal 2019.

*Gain (loss) on equity investments* - We exclude the change in fair value and gain (loss) from sale of our equity investments in calculating our non-GAAP financial measures. We exclude these items because we do not believe they are reflective of our ongoing long-term business and operating results.

Avid litigation settlement and associated legal fees - In the third quarter of fiscal 2017, we settled the patent litigation with Avid Technology, Inc. by entering into a settlement and patent portfolio cross-license agreement with Avid. Under the agreement, we agreed to pay Avid a one-time non-recurring amount of \$6.0 million in installments. \$2.5 million was paid upfront in October 2017, \$1.5 million was paid in the second quarter of 2019 and \$2.0 million will be paid in 2020. Also, the Avid litigation costs of approximately \$1.4 million and \$0.7 million in the third and fourth fiscal quarter of 2017, respectively, were significantly higher compared to prior periods. We excluded these expenses from our non-GAAP results because we do not believe they are reflective of our ongoing long-term business and operating results.

Discrete tax items and tax effect of non-GAAP adjustments - The income tax effect of non-GAAP adjustments relates to the tax effect of the adjustments that we incorporate into non-GAAP financial measures in order to provide a more meaningful measure of non-GAAP net income.

#### **CONTACTS:**

Sanjay Kalra Chief Financial Officer Harmonic Inc. +1.408.490.6031 Nicole Noutsios Investor Relations Harmonic Inc. +1.510.315.1003

### Harmonic Inc. Preliminary Consolidated Balance Sheets (Unaudited, in thousands, except per share data)

Current assers   Current asserts   Curren		Dece	mber 31, 2019	December 31, 2018				
Cash and cash equivalents         \$         93,058         \$         65,000           Accounts receivable, net         88,050         21,752         25,638         10,752         25,638         10,752         25,038         10,752         22,032         10,752         22,032         10,752         20,752         20,752         20,000 <td>ASSETS</td> <td></td> <td></td> <td></td> <td></td>	ASSETS							
Accounts receivable, net         88,500         81,795           Invenciores         29,04         25,338           Prepaid expueses and other current assets         44,762         23,230           Total current assets         25,1362         196,700           Property and equipment, net         29,398         20,331           Goodwill         44,61         12,417           Onder long-term assets         68,796         38,377           Total assets         58,783.27         58,783.27         51,083           Collegatem assets         6,713         7,175         6,713         7,175           Collegatem assets         6,713         5,713         7,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175         1,175	Current assets:							
Inventories         29,042         25,038           Prepail expenses and other current assets         40,762         23,280           Total current assets         251,362         19,000           Total current acquipment, net         22,938         22,328           Goodwill         239,780         240,618           Interagibles, net         46,765         3,837           Other long-tem assets         68,769         5,837,320           Total assets         5,873,220         5,508,320           Total debts and STOCKHOLDERS' EQUITY         TURY         TURY           LABILITIES AND STOCKHOLDERS' EQUITY         5         6,713         5         7,105           Accounts payable         40,933         3,715         4         1,050         3,377         1,000         3,377         1,000         3,377         1,000         4         1,000         3,377         1,000         4,000         3,377         1,000         4,000         3,377         1,000         4,000         3,377         1,000         4,000         3,377         1,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000         4,000 <td< td=""><td>Cash and cash equivalents</td><td>\$</td><td>93,058</td><td>\$</td><td>65,989</td></td<>	Cash and cash equivalents	\$	93,058	\$	65,989			
Prepaid expense and other current assets         4,076         2,23,20           Total curral assets         25,136         196,70           Property and equipment, net         229,30         2,23,01           Goodwall         29,30         3,23,01           Indiguities, net         4,46         1,20,10           Other long-term assets         6,879         3,873           Total assets         5,873,20         5,00           ***********************************	Accounts receivable, net		88,500		81,795			
Include unique and equipment, and         25,104         22,203           Grody and equipment, and         229,708         24,016           Goodwill         4,046         1,2016           Intagibles, net         4,046         3,837           Otal assets         68,706         8,708,708           Intagibles, net         68,706         8,708,708           Total assets         68,706         8,708,708           Interest intagibilities           Interest debt and capital lease obligations, current         9,703         3,707           Accounts payable         40,933         3,778           Accounts payable         1,226         1,208           Accounts payable         3,711         41,502           Account and orient intabilities         3,711         41,502           Total current itabilities         18,505         5,202           Convertible notes, long-term         10,511         1,608           Convertible notes, long-term         1,612         1,608           Convertible notes and capital lease obligations, long-term         1,612         1,608           Convertible notes         3,324         1,608           Convertible notes         2,41         2,80 <td< td=""><td>Inventories</td><td></td><td>29,042</td><td></td><td>25,638</td></td<>	Inventories		29,042		25,638			
Property and equipment, and         2,928         2,237           Goodwill         239,70         240,618           Intangibles, net         6,076         3,837           Other long-tem asses         6,076         5, 567,32         5           Total asses         5, 567,32         5         5, 15,033           Total asses         8, 67,13         5         7,175 <td <td<="" td=""><td>Prepaid expenses and other current assets</td><td></td><td>40,762</td><td></td><td>23,280</td></td>	<td>Prepaid expenses and other current assets</td> <td></td> <td>40,762</td> <td></td> <td>23,280</td>	Prepaid expenses and other current assets		40,762		23,280		
Godwill         239,700         240,618           Intangibles, net         4,61         12,817           Other long-term assets         68,706         33,377           Total assets         58,732,70         58,732,70           INTERPRETAIL TIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Section 19,932         3,717           Accounts payable         40,933         33,708           Income taxes payable         40,933         33,709           Accounts payable         40,933         33,709           Income taxes payable         40,933         33,709           Peferred revenue         37,117         41,529           Accounts payable         40,533         52,761           Oncertile ones, long-term         132,04         136,405           Convertile ones, long-term         132,04         14,858           Onvertile ones, long-term         132,04         14,854           Other one-current liabilities         33,24         36,255           Other one-current liabilities         33,24         36,255           Convertible notes         2,41         2,22,255           Convertible notes         2,41         2,22,25 <td< td=""><td>Total current assets</td><td></td><td>251,362</td><td></td><td>196,702</td></td<>	Total current assets		251,362		196,702			
Intagilities, net         4,641         12,817           Other long-term assets         68,782         38,377           Total assets         \$ 587,323         \$ 150,833           ILABILITIES AND STOCKHOLDERS' EQUITY           Werrent liabilities:           Other debts and capital lease obligations, current         \$ 6,713         \$ 7,175           Accounts payable         40,923         3,775           Income taxes payable         40,226         1,099           Deferred revenue         37,11         41,522           Accurued and other current liabilities         62,535         52,761           Total current liabilities         132,04         136,065           Convertible notes, long-term         10,511         1,628           Convertible and capital lease obligations, long-term         10,511         1,628           Convertible note         33,247         32,235           Convertible note         2,410            Convertible note         2,	Property and equipment, net		22,928		22,321			
Other long-term assets         68,76         38,375           Total assets         \$ 587,322         \$ 510,835           LIABILITIES AND STOCKHOLDERS' EQUITY           Ururent laibilities:           Ururent laibilities:           Ururent laibilities:           Cher debts and capital lease obligations, current         \$ 6,713         \$ 7,175           Accounts payable         40,931         \$ 1,206         1,009           Deferred revenue         37,117         41,526         1,009           Accrued and other current liabilities         62,535         5,276         5           Cherier devenue         148,524         136,405         14,600         14	Goodwill		239,780		240,618			
Total assets   \$ 587,327   \$ 510,835   \$	Intangibles, net		4,461		12,817			
LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Other debts and capital lease obligations, current         \$ 6,713         \$ 7,175           Accounts payable         40,933         33,778           Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         132,004         114,808           Convertible notes, long-term         10,511         12,684           Convertible notes long-term         10,511         12,684           Income taxes payable, long-term         10,511         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         282,535           Convertible notes         3,327,471         4,524           Total liabilities         3,327,471         4,60           Convertible notes         2,410         —           Total liabilities         3,32,471         3,22,85,75           Total liabilities         3,241         —           Convertible notes         2,410         —           Total liabilities <td< td=""><td>Other long-term assets</td><td></td><td>68,796</td><td></td><td>38,377</td></td<>	Other long-term assets		68,796		38,377			
Current liabilities:         Corport debts and capital lease obligations, current         \$         6,713         \$         7,175           Accounts payable         40,933         33,778           Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,252         18,228           Total liabilities         2,410         -           Convertible notes         2,410         -           Convertible notes         2,410         -           Stockholders' equity:         -         -           Preferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         -         -         -           Convertible notes         2,2410         -         -         -           Freferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding </td <td>Total assets</td> <td>\$</td> <td>587,327</td> <td>\$</td> <td>510,835</td>	Total assets	\$	587,327	\$	510,835			
Current liabilities:         Corport debts and capital lease obligations, current         \$         6,713         \$         7,175           Accounts payable         40,933         33,778           Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,252         18,228           Total liabilities         2,410         -           Convertible notes         2,410         -           Convertible notes         2,410         -           Stockholders' equity:         -         -           Preferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         -         -         -           Convertible notes         2,2410         -         -         -           Freferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding </td <td>LIARII ITIES AND STOCKHOLDERS' FOULTV</td> <td></td> <td></td> <td></td> <td></td>	LIARII ITIES AND STOCKHOLDERS' FOULTV							
Other debts and capital lease obligations, current         \$ 6,713         \$ 7,175           Accounts payable         40,933         33,778           Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accured and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,005           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         1,511         12,684           Income taxes payable, long-term         1,78         460           Other non-current liabilities         41,254         18,228           Total liabilities         2,410         —           Convertible notes         2,410         —           Stockholders' equity:         2,410         —           Preferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0,001 par value, 15,000 shares authorized; 91,875 and 87,057 shares issued and sutstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,0								
Accounts payable         40,933         33,778           Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Perferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0,001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         29         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216) </td <td></td> <td>¢</td> <td>6 712</td> <td>¢</td> <td>7 175</td>		¢	6 712	¢	7 175			
Income taxes payable         1,226         1,099           Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         3,32,471         282,505           Convertible notes         2,410         —           Stockholders' equity:         —         —         —           Preferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —         —           Common stock, \$0,001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019		J.		J.	•			
Deferred revenue         37,117         41,592           Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         5 282,585           Convertible notes         2,410         —           Sockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; no shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         3,065)         (1,216)           Total stockholders' equity         252,446         228,250					*			
Accrued and other current liabilities         62,535         52,761           Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         \$ 332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250	• •				-			
Total current liabilities         148,524         136,405           Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250					·			
Convertible notes, long-term         132,004         114,808           Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         3,332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         2,410         —           Preferred stock, \$0,001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0,001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250								
Other debts and capital lease obligations, long-term         10,511         12,684           Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250					·			
Income taxes payable, long-term         178         460           Other non-current liabilities         41,254         18,228           Total liabilities         332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250								
Other non-current liabilities         41,254         18,228           Total liabilities         \$ 332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding         —         —           Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively         92         87           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250			•		*			
Total liabilities         \$ 332,471         \$ 282,585           Convertible notes         2,410         —           Stockholders' equity:         —         —           Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding outstanding at December 31, 2019 and 2018, respectively         —         —           Additional paid-in capital         2,327,359         2,296,795           Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250								
Convertible notes 2,410 — Stockholders' equity:  Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding — — Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively 92 87 Additional paid-in capital 2,327,359 2,296,795 Accumulated deficit (2,071,940) (2,067,416) Accumulated other comprehensive loss (3,065) (1,216) Total stockholders' equity 228,250		¢.		<u> </u>	·			
Stockholders' equity:  Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding  Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively  Additional paid-in capital  Accumulated deficit  C2,071,940  C3,065, 416)  Accumulated other comprehensive loss  Total stockholders' equity  Stockholders' equity	Total Habilities	<u>\$</u>	332,4/1	<u>\$</u>	282,385			
Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding  Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively  Additional paid-in capital  Accumulated deficit  C2,071,940  C3,065)  C1,216)  Total stockholders' equity  Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and 92  87  87  87  87  88  89  89  89  89  89	Convertible notes		2,410		_			
Common stock, \$0.001 par value, 150,000 shares authorized; 91,875 and 87,057 shares issued and outstanding at December 31, 2019 and 2018, respectively9287Additional paid-in capital2,327,3592,296,795Accumulated deficit(2,071,940)(2,067,416)Accumulated other comprehensive loss(3,065)(1,216)Total stockholders' equity252,446228,250	Stockholders' equity:		,					
outstanding at December 31, 2019 and 2018, respectively       92       87         Additional paid-in capital       2,327,359       2,296,795         Accumulated deficit       (2,071,940)       (2,067,416)         Accumulated other comprehensive loss       (3,065)       (1,216)         Total stockholders' equity       252,446       228,250	Preferred stock, \$0.001 par value, 5,000 shares authorized; no shares issued or outstanding		_		_			
Additional paid-in capital       2,327,359       2,296,795         Accumulated deficit       (2,071,940)       (2,067,416)         Accumulated other comprehensive loss       (3,065)       (1,216)         Total stockholders' equity       252,446       228,250	·		92		87			
Accumulated deficit         (2,071,940)         (2,067,416)           Accumulated other comprehensive loss         (3,065)         (1,216)           Total stockholders' equity         252,446         228,250								
Accumulated other comprehensive loss (3,065) (1,216) Total stockholders' equity 252,446 228,250								
Total stockholders' equity 252,446 228,250					,			
	Total liabilities and stockholders' equity	\$	587,327	\$	510,835			

### Harmonic Inc. Preliminary Consolidated Statements of Operations (Unaudited, in thousands, except per share data)

		Three months ended			Year ended				
	Dec	ember 31, 2019	Dece	mber 31, 2018	Dece	mber 31, 2019	Dece	ember 31, 2018	
Revenue:									
Appliance and integration	\$	85,933	\$	83,179	\$	275,797	\$	287,564	
SaaS and service		36,245		30,476		127,077		115,994	
Total net revenue		122,178		113,655		402,874		403,558	
Cost of revenue:									
Appliance and integration		47,107		42,289		130,284		148,472	
SaaS and service		13,376		11,045		49,578		45,877	
Total cost of revenue		60,483		53,334		179,862		194,349	
Total gross profit		61,695		60,321		223,012		209,209	
Operating expenses:									
Research and development		21,703		21,913		84,614		89,163	
Selling, general and administrative		30,557		30,078		119,035		118,952	
Amortization of intangibles		782		791		3,139		3,187	
Restructuring and related charges		1,947		214		3,141		2,918	
Total operating expenses		54,989		52,996		209,929		214,220	
Income (loss) from operations		6,706		7,325		13,083		(5,011)	
Interest expense, net		(2,789)		(2,909)		(11,651)		(11,401)	
Loss on debt extinguishment		_		_		(5,695)		_	
Other income (expense), net		_		162		(2,333)		(536)	
Income (loss) before income taxes		3,917		4,578		(6,596)		(16,948)	
Provision for (benefit from) income taxes		(1,653)		1,248		(672)		4,087	
Net income (loss)	\$	5,570	\$	3,330	\$	(5,924)	\$	(21,035)	
Net income (loss) per share:									
Basic	\$	0.06	\$	0.04	\$	(0.07)	\$	(0.25)	
Diluted	\$	0.06	\$	0.04	\$	(0.07)	\$	(0.25)	
Shares used in per share calculations:									
Basic		91,124		86,846		89,575		85,615	
Diluted		97,499		89,028		89,575		85,615	
		- ,		,-		,-		,-	

### Harmonic Inc. Preliminary Consolidated Statements of Cash Flows (Unaudited, in thousands)

Note of the Monte of		Year end					
Notes         s         6,00         10,00           Adjuants to rescondise actions to net cash provided by operating activities:         3,30         3,30         3,30           Departation         1,126         1,27         1,27           Stock-based compensation         1,126         1,27         1,27           Stock-based compensation         1,50         1,50         1,00           Powersian for non-cash wind under commercial civilet         1,50         1,00         1,00           Restructuring, asset impairment and loss on retirement of fixed assets         1,50         1,00         1,00           Restructuring, asset impairment and loss on retirement of fixed assets         1,50         1,00         1,00           Restructuring, asset impairment and loss on retirement of fixed assets         1,00         1,00         1,00           Restructuring, asset impairment and loss on retirement of fixed assets         1,00         1,00         1,00           Provinging country, adjustments         1,00         1,00         1,00         1,00           Provinging country, adjustments         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00         1,00 <th></th> <th>December 31, 2019</th> <th>December 31, 2018</th>		December 31, 2019	December 31, 2018				
Adjustments to recordie are loss to set each provided by operating activities:  Amortization of timegibles Amortization of timegibles Amortization of timegibles Depreciation Depreciation Depreciation Depreciation Depreciation Depreciation Depreciation Devision for many depreciation Devision for many depreciation Devision for many depreciation Devision for many dependent and less on retirement of fixed assets Devision for many dependent and less on retirement of fixed assets Devision for many dependent and less on retirement of fixed assets Devision for durbful accounts, construction of the control of the devision for durbful accounts, control of durbful acco	Cash flows from operating activities:						
Amortization of intangibles         8,131         8,367           Dependation         11,267         12,971           Socio-based compensation         12,074         7,082           Amortization of discount on conventible debt         6,766         6,006           Drossin for name-call vacantal         13,76         1,178           Restructuring, ascent impairment and loss on retirement of fixed assets         1,176         4,176           Restructuring, ascent impairment and loss on retirement of fixed assets         2,000         6,01           Bost on their extragglobuters         2,000         6,01           Deferred income traces         2,000         6,01           Deferred income traces, and obtaful accounts, returns and discounts         1,000         2,51           Provision for doubtful accounts, returns and discounts         1,000         2,51           Observation for doubtful accounts, returns and discounts         1,000         2,51           Provision for doubtful accounts, returns and discounts         1,000         2,51           Observation for doubtful accounts, returns and discounts         1,000         2,000           Changes in opening assets and liabilities         2,000         2,000           Account reversible         2,000         2,000         2,000           D		\$ (5,924)	\$ (21,035)				
Depreciation         0.1.07         1.2.971           Stock based compensation         11.207         12.924           Stock based compensation         12.074         17.289           Amortization of discount on convertible debt         6.066         6.066           Provision for non-cash variant         13.576         1.178           Restructuring, assert impairment and loss on retirement of fixed assets         12.4         1.09           Loss on debt extringuishment         6.03         (1.0906)           Deferring currency adjustments         1.00         6.61           Provision for doubtrial accounts, returns and discounts         1.02         4.61           Other on-cash adjustments, set         1.02         4.07           Changes in operating assets and liabilities:         1.02         4.07           Accounts revoluble         (8.38)         (1.4700)           Inventions         (3.04)         (3.04)           Proposide expenses and other saces         (3.14)         (3.04)           Accounts payable         (3.04)         (4.000)           Income taxes payable         (3.04)         (4.000)           Accurate yard returner         (7.01)         (3.01)           Proposided by operating activities         1.00         (3.01) <td>Adjustments to reconcile net loss to net cash provided by operating activities:</td> <td></td> <td></td>	Adjustments to reconcile net loss to net cash provided by operating activities:						
Sinck-based compensation         12074         1238           Amortization of discount on convertible debt         6,756         6,060           Provision for non-cash various         13,576         1,178           Essenucturing, asset impairment and loss on retirement of fixed assets         124         1,419           Loss on debt extinguishment         6,095            Crossigs currency algistramens         (20)         (1,006)           Provision for doubtful accounts, returns and discounts         1,500         2,521           Provision for doubtful accounts, returns and discounts         1,500         2,521           Provision for doubtful accounts, returns and discounts         1,500         2,521           Other non-cash adjustments, net         1,600         1,670           Other non-cash adjustments, net         1,620         4,07           Accounts receivable         6,830         (1,470)           Inventories         3,347         3,227           Accounts receivable         6,836         1,610           Inventories         3,137         3,227           Accounts payable         3,135         3,235           Accounts payable         3,135         3,236           Account payable         3,135         3,234 <td>Amortization of intangibles</td> <td>8,319</td> <td>8,367</td>	Amortization of intangibles	8,319	8,367				
Amortization of discount on conventible debt         6,756         6,060           Provision for non-cash varourd         13,576         1,78           Essent contrain, asset impairment and loss on retirement of fixed assets         124         1,41           Loss on offer extinguichment         5,095         —           Foreign currency adjustments         (290)         (1,906)           Deterred income taxes, not         (1,00)         2,521           Provision for caxes and obotice inventories         1,479         1,648           Other non-cash adjustments, net         (2,00)         4,07           Changes in operating, saxes and libilities:         (2,10)         2,02           Accounts receivable         (3,38)         (1,470)           Invasionies         (3,43)         (2,480)           Prepaid expenses and other assets         (3,43)         (3,400)           Accounts provided by operating assets and Libilities         (3,40)         (3,40)           Internet revenus         (3,40)         (3,40)         (4,00)           Income taxes payable         (3,60)         (4,00)         (4,00)           Accounts payable         (3,00)         (4,00)         (4,00)           No cash flows from investing activities         (2,00)         (2,00)     <	Depreciation	11,287	12,971				
Provision for non-early warrant         33,50°         1,178           Restructing, asset impairment and loss on retirement of fixed assets         124         1,491           Loss on debt extinguishment         6,955         —           Forciga currency allustrems         6,905         —           Forciga currency allustrems         6,905         —           Forciga currency allustrems         1,900         —           Provision for doubtful accounts, returns and discounts         1,500         2,521           Provision for doubtful accounts, returns and discounts         1,500         2,521           Provision for doubtful accounts, returns and discounts         1,600         2,521           Provision for doubtful accounts, returns and discounts         1,600         2,521           Provision for doubtful accounts, returns and discounts         1,600         2,600           Charmon cash adjustmens, not         1,600         2,600           Charmon cash adjustmens, not         1,200         2,600           Charmon cash adjustmens, not         1,200         2,600           Charmon cash adjustmens and other assets         1,400         2,600           Inventoria         2,500         2,600         2,600           Proprietted expenses and other assets         1,600	Stock-based compensation	12,074	17,289				
Restructuring asset impairment and loss on retinement of fixed assets         1.14         1.49           Loss not able extinguishment         5.695         ————————————————————————————————————	Amortization of discount on convertible debt	6,756	6,060				
Los on debt extinguishment         5,685         —           Foreign currency adjustments         (200)         (1,06)           Deferred income taxes, net         (2,07)         661           Provision for doubtul accounts, returns and discounts         1,500         2,521           Provision for excess and obsolete inventories         1,225         407           Other non-cash adjustments, net         1,225         407           Changes in operating assets and liabilities:         4,870         (2,048)         (4,700)           Inventories         (4,818)         (2,045)         1,026           Prepaid expenses and other assets         (3,347)         3,227         3,227           Accounts payable         5,066         1,018         4,000           Deferred revenues         (3,347)         3,227         4,000           Accounts payable         (3,34)         4,000         1,000           Deferred revenues         (3,34)         4,000         1,000	Provision for non-cash warrant	13,576	1,178				
Foreign currency adjustments         G90         (1.906)           Defered income caxes, net         (2.076)         661           Provision for doubtful accounts         1,500         2.52.1           Provision for doubtful accounts, returns and discounts         1,600         2.52.1           Provision for execks and obsolete inventories         1,225         407           Other non-cash adjustments, net         (8.38)         (1,4700)           Changes in operating asserts and liabilities         (8.38)         (1,4700)           Inventories         (8.30)         (1,4800)           Inventories         (3.34)         (4,808)           Income asser payable         (3.34)         (4,808)           Income asser payable         (3.01)         (4,900)           Net cash frow from fuse divities         (7.2410)         (5.010)	Restructuring, asset impairment and loss on retirement of fixed assets	124	1,491				
Deferred income taxes, net         (2,076)         661           Provision for clubiful accounts, returns and discounts         1,500         2,521           Provision for excess and obsolete inventories         1,479         1,649           Other non-sah adjustments, net         1,070         1,070           Changes in operating assers and liabilities:         West of the provision of conventible debt assers         (3,340)         (2,045)           Inventories         (3,347)         3,227           Accounts payable         5,066         1,018           Deferred revenues         (3,345)         (4,818)           Income taxes payable         (3,345)         (4,808)           Income taxes payable         (3,345)         (4,808)           Accruent and other liabilities         (3,10)         (501)           Net cash provided by operating activities         3,129         12,204           Proceeds from slows from investing activities         1         10           Proceeds from slower grouperty and equipment         (10,320)         (6,940)           Proceeds from slower grouperty and equipment         (10,320)         (6,940)           Ready from transing activities         1         1         1           Cash flows from financing activities         115,500 <th< td=""><td>Loss on debt extinguishment</td><td>5,695</td><td>_</td></th<>	Loss on debt extinguishment	5,695	_				
Provision for doubtful accounts, returns and discounts         1,500         2,521           Provision for excess and obsolete inventories         1,479         1,649           Other non-cash alljustments, net         1,225         407           Changes in operating assets and liabilities:         3,230         (1,4700)           Inventories         (8,388)         (1,4700)           Inventories         (8,387)         (2,045)           Peppald expenses and other assets         (3,347)         3,227           Accounts payable         (3,348)         (4,808)           Deferred revenues         (3,348)         (4,808)           Income taxes payable         (150)         440           Accounts payable         (150)         440           Accounts payable         (150)         440           Accounts payable         (150)         450           Net cash provided by operating activities         7,210         600           Ret cash flows from investing activities         7,210         600           Proceeds from investing activities         1,01         600           Proceeds from investing activities         1,02         6,200           Cash flows from financing activities         1,02         6,200           Cash flows	Foreign currency adjustments	(290)	(1,906)				
Provision for excess and obsolete inventiories         1.479         1.549           Other non-cash adjustments, net         1.225         407           Changes in operating assets and liabilities:         3.285         4.70           Accounts receivable         (8.388)         (1.4700)           Inventories         (8.481)         (2.045)           Prepaid expenses and other assets         (3.347)         3.227           Accounts payable         5.086         1.018           Deferred revenues         (136)         4.480           Income taxes payable         (136)         4.40           Accurated and other liabilities         (7.410)         501           Net cash provided by operating activities         7.410         501           Net cash provided by operating activities         1.250         1.284           Very Cash flows from insels of investing activities         -         1.04           Proceeds from sales of investing activities         -         1.04           Net cash provided by operating activities         -         1.04           Net cash flows from finacting activities         -         1.04           Net cash provided from convertible debt         1.15.00         -           Poceeds from convertible debt         1.15.00	Deferred income taxes, net	(2,076)	661				
Other non-cash adjustments, net         1,2/5         407           Changes in operating assets and liabilities:         Counts receivable         (8,388)         (14,700)           Inventories         (4,819)         2,0455           Prepaid expenses and other assets         (3,347)         3,2227           Accounts payable         5,066         1,018           Deferred revenues         (3,436)         (4,808)           Income taxes payable         (3,436)         440           Accound and other liabilities         (7,410)         501           Accured and other liabilities         (7,410)         601           Accured and other liabilities         (7,401)         601           Accured and other liabilities         (7,401)         601           Accured and other liabilities         7,401         601           Met cash provided by operating activities         9         6,901           Proceeds from investing activities         9         1,901           Proceeds from slaes of investments         9         1,901           Let cash used in investing activities         115,500         9           Payment of convertible debt         115,500         9           Payment of convertible debt issuance costs         4,644         5,066 <td>Provision for doubtful accounts, returns and discounts</td> <td>1,500</td> <td>2,521</td>	Provision for doubtful accounts, returns and discounts	1,500	2,521				
Changes in operating assets and liabilities:         Incomes (asset)         (14,700)           Invenories         (4819)         (2,045)           Prepail expenses and other assets         (3,347)         3,227           Accounts payable         5,066         1,018           Deferred revenues         (3,456)         (4,808)           Income taxes payable         (136)         440           Accounts payable         (7,100)         (501)           Net cash provided by operating activities         (7,100)         (501)           Net cash provided by operating activities         1         1           Proceeds from sales of investing activities         -         104           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         -         104           Proceeds from convertible debt         (10,328)         (7,044)           Net cash used in investing activities         -         10           Proceeds from convertible debt         (10,328)         (7,044)           Proceeds from convertible debt         (10,960)         -           Payment of convertible debt and finance leases         (6,101)         (7,132)           Proceeds from other debts and finance leases         (6,101) </td <td>Provision for excess and obsolete inventories</td> <td>1,479</td> <td>1,649</td>	Provision for excess and obsolete inventories	1,479	1,649				
Accounts receivable         (8.88)         (14.700)           Inventories         (4.819)         (2.045)           Pepaled expenses and other assets         (3.347)         3.227           Accounts payable         5.086         1.018           Deferred revenues         (3.36)         (4.808)           Income taxes payable         (136)         4.40           Accrued and other liabilities         (7.410)         (501)           Net cash provided by operating activities         31.255         12.284           Cash flows from investing activities           Proceeds from sales of investmens         —         104           Proceeds from sales of investmens         —         104           Proceeds from convertible debt         (10.328)         (6.940)           Proceeds from convertible debt         115.500         —           Payment of convertible debt sand finance leases         4.624         5.066           Repayment of convertible debt sand finance leases	Other non-cash adjustments, net	1,225	407				
Inventories         (4,819)         (2,045)           Prepaid expenses and other assets         (3,347)         3,227           Accounts payable         5,086         1,018           Deferred revenues         (3,436)         (4,808)           Income taxes payable         (136)         440           Accrued and other liabilities         (7,410)         (501)           Net cash provided by operating activities         3,252         12,224           Cash flows from investing activities         -         104           Proceeds from sales of investments         -         104           Proceeds from sales of investments         -         104           Net cash new di investing activities         (10,328)         (7,044)           Net cash used in investing activities         10,328)         (7,044)           Net cash flows from financing activities         115,500         -           Proceeds from convertible debt         115,500         -           Payment of convertible debt         (10,960)         -           Payment of convertible debt sand finance leases         (4,277)         -           Proceeds from other debts and finance leases         (6,91)         (7,132)           Proceeds from common stock issued to employees	Changes in operating assets and liabilities:						
Prepaid expenses and other assets         (3,347)         3,227           Accounts payable         5,066         1,018           Deferred revenues         (3,436)         (4,808)           Income taxes payable         (136)         440           Accounts payable         (7,410)         (501)           Account and other liabilities         (7,410)         (501)           Net cash provided by operating activities         1,228           Proceeds from sales of investments         -         104           Purchases of property and equipment         (10,328)         (7,944)           Net cash used in investing activities         -         104           Proceeds from convertible debt         115,500         -           Payment of convertible debt         115,500         -           Payment of convertible debt issuance costs         (4,277)         -           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from other debts and finance leases         (6,913) </td <td>Accounts receivable</td> <td>(8,388)</td> <td>(14,700)</td>	Accounts receivable	(8,388)	(14,700)				
Accounts payable         5,086         1,018           Deferred revenues         (3,436)         (4,808)           Income taxes payable         (136)         440           Accourd and other liabilities         (7,410)         (501)           Net cash provided by operating activities         31,295         12,284           Cash flows from investing activities           Proceeds from sales of investments         1         1           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (7,044)           Proceeds from convertible debt         115,500         —           Payments of convertible debt         (109,603)         —           Payment of convertible debt susuance costs         (4,277)         —           Proceeds from controd tebts and finance leases         (6,91)         (7,132)           Proceeds from common stock issued to employee         8,466         4,947           Proceeds from common stock issued to employees         8,466         4,947           Payment of thar debts and finance leases         6,930         7,232           Proceeds from common stock issued to employees         8,466         4,947           Payment of tax withholding obligations	Inventories	(4,819)	(2,045)				
Deferred revenues         3,436         4,8086           Income taxes payable         (136)         440           Accrued and other liabilities         (7,410)         (501)           Net cash provided by operating activities         31,295         12,284           Cash flows from investing activities           Proceeds from sales of investments         -         104           Puckases of property and equipment         (10,328)         (7,944)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities         115,500         -           Proceeds from onevertible debt         115,500         -           Payments of convertible debt issuance costs         (109,603)         -           Payment of convertible debt issuance costs         (4,277)         -           Proceeds from other debts and finance leases         4,684         5,066           Repayment of other debts and finance leases         4,684         5,066           Repayment of proceeds from common stock issued to employees         8,406         4,447           Payment of tax withholding obligations related to net share settlements of restricted stock units         1,142         2,203           Post cash provided by financing activities         6,305	Prepaid expenses and other assets	(3,347)	3,227				
Income taxes payable         (3,436)         (4,06)           Accrued and other liabilities         (7,410)         (501)           Net cash provided by operating activities         31,295         12,824           Cash flows from investing activities:           Proceeds from sales of investments         —         104           Purchases of property and equipment         (10,328)         (7,944)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities         115,500         —           Proceeds from convertible debt         (10,9603)         —           Payments of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,466         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         (1,492)         (230)           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           Cash, cash equivalen	Accounts payable	5,086	1,018				
Accrued and other liabilities         (7,410)         (501)           Net cash provided by operating activities         31,295         12,284           Cash flows from investing activities:           Proceeds from sales of investments         —         104           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities         —         —           Proceeds from convertible debt         115,500         —           Payments of convertible debt         (109,603)         —           Payment of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         (6,913)         (7,132)           Repayment of other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,406         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         1,1492         230           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           Losh, cash equivalents and r	Deferred revenues	(3,436)	(4,808)				
Net cash provided by operating activities         3.1.95         1.2.84           Cash flows from investing activities:         3.1.95         1.2.84           Proceeds from sales of investments         —         1.04           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (5,040)           Cash flows from financing activities         —         —           Proceeds from convertible debt         115,500         —           Payment of convertible debt         (10,9603)         —           Payment of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         (6,913)         (7,132)           Repayment of other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,406         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         (1,492)         (2,30)           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           One cash quivalents and restricted cash         5,805         58,757	Income taxes payable	(136)	440				
Net cash provided by operating activities         31,295         12,284           Cash flows from investing activities         -         104           Proceeds from sales of investments         -         104           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities         - </td <td>Accrued and other liabilities</td> <td>(7,410)</td> <td>(501)</td>	Accrued and other liabilities	(7,410)	(501)				
Proceeds from sales of investments         —         104           Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities           Proceeds from convertible debt         115,500         —           Payments of convertible debt         (109,603)         —           Payment of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         4,684         5,066           Repayment of other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,406         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         (1,492)         (230)           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           Set increase in cash, cash equivalents and restricted cash         28,059         58,757	Net cash provided by operating activities		12,284				
Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities         (10,328)         (6,940)           Proceeds from convertible debt         115,500         —           Payments of convertible debt issuance costs         (109,603)         —           Payment of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         4,684         5,066           Repayment of other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,406         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         (1,492)         (230)           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           Cash, cash equivalents and restricted cash, beginning of the year         58,757	Cash flows from investing activities:						
Purchases of property and equipment         (10,328)         (7,044)           Net cash used in investing activities         (10,328)         (6,940)           Cash flows from financing activities:         (10,328)         (6,940)           Proceeds from convertible debt         115,500         —           Payments of convertible debt issuance costs         (4,277)         —           Proceeds from other debts and finance leases         4,684         5,066           Repayment of other debts and finance leases         (6,913)         (7,132)           Proceeds from common stock issued to employees         8,406         4,947           Payment of tax withholding obligations related to net share settlements of restricted stock units         (1,492)         (230)           Net cash provided by financing activities         6,305         2,651           Effect of exchange rate changes on cash, cash equivalents and restricted cash         27,069         7,232           Act increase in cash, cash equivalents and restricted cash         25,059         58,757	Proceeds from sales of investments	_	104				
Net cash used in investing activities(6,940)Cash flows from financing activities:(6,940)Proceeds from convertible debt115,500—Payments of convertible debt(109,603)—Payment of convertible debt sand finance leases(4,277)—Proceeds from other debts and finance leases4,6845,066Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash27,0697,232Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Purchases of property and equipment	(10,328)					
Cash flows from financing activities:Proceeds from convertible debt115,500—Payments of convertible debt(109,603)—Payment of convertible debt issuance costs(4,277)—Proceeds from other debts and finance leases4,6845,066Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash27,0697,232Net increase in cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Net cash used in investing activities						
Payments of convertible debt (109,603) — Payment of convertible debt issuance costs (4,277) — Proceeds from other debts and finance leases (6,913) (7,132) Proceeds from common stock issued to employees 8,406 4,947 Payment of tax withholding obligations related to net share settlements of restricted stock units (1,492) (230) Net cash provided by financing activities 6,305 2,651 Effect of exchange rate changes on cash, cash equivalents and restricted cash (203) (763) Net increase in cash, cash equivalents and restricted cash (5,989) 58,757	Cash flows from financing activities:						
Payments of convertible debt(109,603)—Payment of convertible debt issuance costs(4,277)—Proceeds from other debts and finance leases4,6845,066Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Proceeds from convertible debt	115.500	_				
Payment of convertible debt issuance costs(4,277)—Proceeds from other debts and finance leases4,6845,066Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Payments of convertible debt		_				
Proceeds from other debts and finance leases4,6845,066Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Payment of convertible debt issuance costs		_				
Repayment of other debts and finance leases(6,913)(7,132)Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Proceeds from other debts and finance leases		5 066				
Proceeds from common stock issued to employees8,4064,947Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Repayment of other debts and finance leases						
Payment of tax withholding obligations related to net share settlements of restricted stock units(1,492)(230)Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Proceeds from common stock issued to employees						
Net cash provided by financing activities6,3052,651Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Payment of tax withholding obligations related to net share settlements of restricted stock units						
Effect of exchange rate changes on cash, cash equivalents and restricted cash(203)(763)Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Net cash provided by financing activities						
Net increase in cash, cash equivalents and restricted cash27,0697,232Cash, cash equivalents and restricted cash, beginning of the year65,98958,757	Effect of exchange rate changes on cash, cash equivalents and restricted cash						
Cash, cash equivalents and restricted cash, beginning of the year							
	· · · · · · · · · · · · · · · · · · ·						
	Cash, cash equivalents and restricted cash, beginning of the year	\$ 93,058	\$ 65,989				

### Harmonic Inc. Preliminary Revenue Information (Unaudited, in thousands, except percentages)

Three months ended

	December 31, 2019						September 27, 2019								December 31, 2018							
		GAAP		Adjustment <sup>(1)</sup>	Non-C	GAAP	 GAAP		Adjustment <sup>(1)</sup>	Noi	ı-GA	AP	GAAP		Adjustment(1)			Non-G	AAP			
Geography																						
Americas	\$	68,869	\$	— \$	68,869	56%	\$ 78,699	\$	— \$	78,6	99 6	68%	\$	63,007	\$	(	(7) \$	63,000	55%			
EMEA		39,874		_	39,874	33%	24,322		_	24,3	22 2	21%		25,880		-	_	25,880	23%			
APAC		13,435		_	13,435	11%	12,704		_	12,7	04 1	11%		24,768		-		24,768	22%			
Total	\$	122,178	\$	— \$	122,178	100%	\$ 115,725	\$	- \$	115,7	25 1	100%	\$	113,655	\$	(	(7) \$	113,648	100%			
Market																						
Service Provider	\$	83,976	\$	— \$	83,976	69%	\$ 77,886	\$	— \$	77,8	86 6	67%	\$	80,325	\$	(	(7) \$	80,318	71%			
Broadcast and Media		38,202		_	38,202	31%	37,839		_	37,8	39 3	33%		33,330		-	_	33,330	29%			
Total	\$	122,178	\$	— \$	122,178	100%	\$ 115,725	\$	_ \$	115,7	25 1	100%	\$	113,655	\$	(	(7) \$	113,648	100%			

	Twelve months ended													
			December 31	019		December 31, 2018								
		GAAP		Adjustment(1)		Non-G	AAP		GAAP	,	Adjustment <sup>(1)</sup>	Non-		AAP
ography														
ericas	\$	224,193	\$	48	\$	224,241	56%	\$	218,900	\$	1,178	\$	220,078	54%
EA		117,477		_		117,477	29%		107,074		_		107,074	27%
AC		61,204		_		61,204	15%		77,584		_		77,584	19%
tal	\$	402,874	\$	48	\$	402,922	100%	\$	403,558	\$	1,178	\$	404,736	100%
rket														
vice Provider	\$	249,512	\$	48	\$	249,560	62%	\$	253,421	\$	1,178	\$	254,599	63%
padcast and Media		153,362		_		153,362	38%		150,137		_		150,137	37%
tal	\$	402,874	\$	48	\$	402,922	100%	\$	403,558	\$	1,178	\$	404,736	100%

<sup>(1)</sup> See "Use of Non-GAAP Financial Measures" above and "GAAP to Non-GAAP Reconciliations" below.

### Harmonic Inc. Preliminary Segment Information (Unaudited, in thousands, except percentages)

		Inr	ee m	ontns ended Decem	ber 3	1, 2019	
	Video	Cable Access		Total Segment Measures (non-GAAP)		Adjustments (1)	Consolidated GAAP Measures
Net revenue	\$ 79,172	\$ 43,006	\$	122,178	\$	_	\$ 122,178
Gross profit	47,463	16,492		63,955		(2,260)	61,695
Gross margin%	60.0 %	38.3 %		52.3%			50.5 %
Operating income	11,105	3,649		14,754		(8,048)	6,706
Operating margin%	14.0 %	8.5 %		12.1%			5.5 %

		Thre	ee me	onths ended Septen	ıber	27, 2019	
	Video	Cable Access	Total Segment Measures (non-GAAP)			Adjustments (1)	Consolidated GAAP Measures
Net revenue	\$ 60,055	\$ 55,670	\$	115,725	\$	_	\$ 115,725
Gross profit	34,646	42,925		77,571		(2,031)	75,540
Gross margin%	57.7 %	77.1 %		67.0%			65.3 %
Operating income (loss)	(1,696)	31,611		29,915		(7,366)	22,549
Operating margin%	(2.8)%	56.8 %		25.9%			19.5 %

		1111	ee III	ontais ended Decem	iber .	31, 2010	
	Video	Cable Access		Total Segment Measures (non-GAAP)		Adjustments (1)	Consolidated GAAP Measures
Net revenue	\$ 89,528	\$ 24,120	\$	113,648	\$	7 * \$	113,655
Gross profit	51,449	10,509		61,958		(1,637)	60,321
Gross margin%	57.5 %	43.6 %		54.5%			53.1 %
Operating income (loss)	12,678	_		12,678		(5,353)	7,325
Operating margin%	14.2 %	-%		11.2%			6.4 %

	 Twelve months ended December 31, 2019											
	 Video		Cable Access		Total Segment Measures (non-GAAP)		Adjustments (1)	Consolidated GAAP Measures				
Net revenue	\$ 278,028	\$	124,894	\$	402,922	\$	(48) * \$	402,874				
Gross profit	162,156		68,596		230,752		(7,740)	223,012				
Gross margin%	58.3 %		54.9 %		57.3%			55.4 %				
Operating income	15,837		22,219		38,056		(24,973)	13,083				
Operating margin%	5.7 %		17.8 %		9.4%			3.2 %				

	 Twelve months ended December 31, 2018											
	Video		Cable Access		Total Segment Measures (non-GAAP)		Adjustments (1)	Consolidated GAAP Measures				
Net revenue	\$ 313,828	\$	90,908	\$	404,736	\$	(1,178) * \$	403,558				
Gross profit	178,170		40,207		218,377		(9,168)	209,209				
Gross margin%	56.8 %		44.2 %		54.0%			51.8 %				
Operating income (loss)	26,170		(578)		25,592		(30,603)	(5,011)				
Operating margin%	8.3 %		(0.6)%		6.3%			(1.2)%				

<sup>(1)</sup> See "Use of Non-GAAP Financial Measures" above and "GAAP to Non-GAAP Reconciliations" below.

\* These non-GAAP adjustments are primarily for warrant amortization for the respective periods and relate to our Cable Access segment. After applying these adjustments to the non-GAAP revenue for the Cable Access segment, our GAAP revenue for the Cable Access segment for the twelve months ended December 31, 2019 was \$124,846; the GAAP revenue for the three and twelve months ended December 31, 2018 was \$24,127 and \$89,730, respectively.

### Harmonic Inc. GAAP to Non-GAAP Reconciliations (Unaudited) (in thousands, except percentages and per share data)

						,	Three months e	nd	ed December 31,	2019	)	
			Revenue	(	Gross Profit	Т	Total Operating Expense		Income from Operations	ope	Total Non- erating expense, net	Net Income
GAAP		\$	122,178	\$	61,695	\$	54,989	\$	6,706	\$	(2,789) \$	5,570
Stock-based compensation			_		297		(3,059)		3,356		_	3,356
Amortization of intangibles			_		1,295		(782)		2,077		_	2,077
Restructuring and related charges			_		668		(1,947)		2,615		_	2,615
Non-cash interest expenses related to conver	rtible notes		_		_		_		_		1,796	1,796
Discrete tax items and tax effect of non-GA	AP adjustments		_				_		_		_	(3,303)
Total adjustments			_		2,260		(5,788)		8,048		1,796	6,541
Non-GAAP		\$	122,178	\$	63,955	\$	49,201	\$	14,754	\$	(993) \$	12,111
	As a % of revenue (GAAP)	)			50.5%	)	45.0%	)	5.5 %		(2.3)%	4.6
	As a % of revenue (Non-GAAP)	)			52.3%	,	40.3%	, )	12.1 %		(0.8)%	9.9
Diluted net income per share:												
Diluted net income per share-GAAP											\$	0.06
Diluted net income per share-Non-GAAP											\$	0.12
Shares used to compute diluted net income	per share:											
GAAP and Non-GAAP											_	97,499
						-	Three months e	nde	ed September 27,	201	9	
		_									Total Non-	
			Revenue	(	Gross Profit	T	Fotal Operating Expense		Income from Operations	ope	erating expense, net	Net Income
GAAP		\$	115,725	\$	75,540	\$	52,991	\$	22,549	\$	(10,289) \$	11,657
Stock-based compensation			_		405		(3,689)		4,094		_	4,094
Amortization of intangibles			_		1,295		(785)		2,080		_	2,080
Restructuring and related charges			_		331		(861)		1,192		_	1,192
Loss on convertible debt extinguishment			_		_		_		_		5,695	5,695
Non-cash interest and other expenses related	l to convertible notes		_		_		_		_		2,625	2,625
Discrete tax items and tax effect of non-GA	AP adjustments		_				_		_		_	(2,751)
Total adjustments			_		2,031		(5,335)		7,366		8,320	12,935
Non-GAAP		\$	115,725	\$	77,571	\$	47,656	\$	29,915	\$	(1,969) \$	24,592
							45.8%	,	19.5 %		(8.9)%	10.1
	As a % of revenue (GAAP)	)			65.3%	,	45.070	)	13.5 /0		(0.5)70	10.1
	As a % of revenue (GAAP) As a % of revenue (Non-GAAP)				65.3% 67.0%		41.2%		25.9 %		(1.7)%	21.3
Diluted net income per share:												
Diluted net income per share: Diluted net income per share-GAAP												21.3
											(1.7)%	21.3
Diluted net income per share-GAAP	As a % of revenue (Non-GAAP)										(1.7)%	21.3

GAAP and Non-GAAP

97,596

						,	Three months e	nd	ed December 31	, 201	8		
			Revenue		Gross Profit	Т	otal Operating Expense		Income from Operations	op	Total Non- erating expense, net	,	Net Income
GAAP		\$	113,655	\$	60,321	\$	52,996	\$	7,325	\$	(2,747)	\$	3,330
Accounting impact related to warrant amor	tization		(7)		(7)		_		(7)		_		(7)
Stock-based compensation			_		376		(2,711)		3,087		_		3,087
Amortization of intangibles			_		1,295		(791)		2,086		_		2,086
Restructuring and related charges			_		(27)		(214)		187		_		187
Non-cash interest expenses related to conv	ertible notes		_		_		_		_		1,577		1,577
Discrete tax items and tax effect of non-GA	AAP adjustments		_		_		_		_		_		(593)
Total adjustments			(7)		1,637		(3,716)		5,353		1,577		6,337
Non-GAAP		\$	113,648	\$	61,958	\$	49,280	\$	12,678	\$	(1,170)	\$	9,667
	As a % of revenue (GAAP)				53.1%	,	46.6%	,	6.4 %	6	(2.4)%	,	2.9 %
	As a % of revenue (Non-GAAP)				54.5%	,	43.4%	,	11.2 %	6	(1.0)%	,	8.5 %
Diluted net loss per share:													
Diluted net income per share-GAAP												\$	0.04
Diluted net income per share-Non-GAAP												\$	0.11
Shares used to compute diluted net incom	e per share:												
GAAP and Non-GAAP	-												89,028
												_	
		_				_	n 1 .1			200	10		
							lwelve months	enc	led December 31	, 201	Total Non-		
			Revenue		Gross Profit	T	otal Operating Expense		Income from Operations	op	erating expense, net		et Income (Loss
GAAP		\$	402.874		223,012	\$		\$		\$	(19,679)	\$	(5,924)
Accounting impact related to warrant amor	tization	Ψ	48	Ψ	48	Ψ	203,323	Ψ	48	Ψ	(15,075)	Ψ	48
Stock-based compensation	uzation		_		1,121		(10,953)		12,074		_		12,074
Amortization of intangibles			_		5,180		(3,139)		8,319		_		8,319
Restructuring and related charges			_		1,391		(3,141)		4,532		_		4,532
Loss on debt extinguishment			_				(5,1.1)		.,552		5,695		5,695
Non-cash interest and other expenses relate	ed to convertible notes		_		_		_		_		7,683		7,683
Discrete tax items and tax effect of non-GA			_		_		_		_		_		(4,482)
Total adjustments	,		48		7,740		(17,233)		24,973		13,378		33,869
Non-GAAP		\$	402,922	\$	230,752	\$	192,696	\$	-	\$	(6,301)	\$	27,945
	As a % of revenue (GAAP)				55.4%	,	52.1%	,	3.2 %	6	(4.9)%	,	(1.5)%
	As a % of revenue (Non-GAAP)				57.3%		47.8%	,	9.4 %	6	(1.6)%	,	6.9 %
Diluted net income (loss) per share:													
Diluted net loss per share-GAAP												\$	(0.07)
Diluted net income per share-Non-GAAP												\$	0.30
Shares used to compute diluted net incom	e (loss) per share:												
•	· · · -												

GAAP

Non-GAAP

89,575

93,830

					T	welve months end	led December 31	, 2018		
		Revenue	(	Gross Profit	To	otal Operating Expense	Loss from Operations	_	Total Non- ating expense, net	Net Loss
GAAP	\$	403,558	\$	209,209	\$	214,220 \$	(5,011)	\$	(11,937) \$	(21,035)
Accounting impact related to warrant amortization		1,178		1,178		_	1,178		_	1,178
Stock-based compensation		_		1,953		(15,336)	17,289		_	17,289
Amortization of intangibles		_		5,180		(3,187)	8,367		_	8,367
Restructuring and related charges		_		857		(2,918)	3,775		_	3,775
Gain on equity investments		_		_		_	_		(111)	(111)
Avid litigation settlement and associated legal fees		_		_		6	(6)		_	(6)
Non-cash interest expenses related to convertible notes		_		_		_	_		6,060	6,060
Discrete tax items and tax effect of non-GAAP adjustments				_			_		_	950
Total adjustments		1,178		9,168		(21,435)	30,603		5,949	37,502
Non-GAAP	\$	404,736	\$	218,377	\$	192,785 \$	25,592	\$	(5,988) \$	16,467
As a % of revenue (GAA	P)			51.8%	)	53.1%	(1.2)%	ó	(3.0)%	(5.2)%
As a % of revenue (Non-GAA	P)			54.0%	)	47.6%	6.3 %	5	(1.5)%	4.1 %
Diluted net loss per share:										
Diluted net loss per share-GAAP									\$	(0.25)
Diluted net income per share-Non-GAAP									\$	0.19
Shares used to compute diluted net income (loss) per share:										
GAAP										85,615
Non-GAAP										86,741

### Harmonic Inc. GAAP to Non-GAAP Reconciliations on Financial Guidance (In millions, except percentages and per share data)

			Q1 2020 Fina	ncial Guidance		
	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non- operating Expense, net	Net Loss
GAAP	\$80.0 to \$90.0	\$38.0 to \$44.3	\$55.5 to \$57.5	\$(19.5) to \$(11.0)	\$(3.1)	\$(23.2) to \$(14.9)
Stock-based compensation	_	1.2	(6.4)	7.6	_	7.6
Amortization of intangibles	_	0.9	(8.0)	1.7	_	1.7
Restructuring and related charges	_	0.2	(0.2)	0.4	_	0.4
Non-cash interest and other expenses related to convertible notes	_	_	_	_	1.8	1.8
Tax effect of non-GAAP adjustments		_	_	_	_	\$1.0 to \$1.8
Total adjustments	_	2.3	(7.4)	9.7	1.8	\$12.5 to \$13.3
Non-GAAP	\$80.0 to \$90.0	\$40.3 to \$46.6	\$48.0 to \$50.0	\$(9.5) to \$(1.5)	\$(1.3)	\$(9.7) to \$(2.5)
As a % of revenue (GAAP)		47.5% to 49.0%	61.6% to 71.8%	(24.3)% to (12.3)%	(3.4)% to (3.9)%	(29.0)% to (16.6)%
As a % of revenue (Non-GAAP)		50.0% to 52.0%	53.3% to 62.5%	(11.9)% to (1.7)%	(1.4)% to (1.6)%	(12.1)% to (2.8)%
Diluted net loss per share:						
Diluted net loss per share-GAAP						\$(0.24) to \$(0.16)
Diluted net loss per share-Non-GAAP						\$(0.10) to \$(0.03)
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						95,762
			2020 Financ	ial Guidance		
- -	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non- operating Expense, net	Net Income (Loss)
GAAP	\$390.0 to \$430.0	\$190.3 to \$231.2	\$214.3 to \$226.3	\$(24.0) to \$4.9	\$(12.6)	\$(39.5) to \$(10.6)
Stock-based compensation expense	_	2.9	(20.5)	23.4	_	23.4
Amortization of intangibles	_	1.0	(3.0)	4.0	_	4.0
Restructuring and related charges	_	0.8	(0.8)	1.6	_	1.6
Non-cash interest expense related to convertible notes	_	_	_	_	7.4	7.4
Tax effect of non-GAAP adjustments						\$0.1 to \$2.9
Total adjustments	<del></del>	4.7	(24.3)	29.0	7.4	\$36.4 to \$39.3
Non-GAAP	\$390.0 to \$430.0	\$195.0 to \$235.9	\$190.0 to \$202.0	\$5.0 to \$34.0	\$(5.2)	\$(0.2) to \$25.8
As a % of revenue (GAAP)		49.0% to 54.0%	54.9% to 52.6%	(6.2)% to 1.1%	(2.9)% to (3.2)%	(10.1)% to (2.5)%
As a % of revenue (Non-GAAP)		50.0% to 55.0%	48.7% to 47.0%	1.3% to 7.9%	(1.2)% to (1.3)%	(0.1)% to 6.0%
Diluted net income (loss) per share:						
Diluted net loss per share-GAAP						\$(0.40) to \$(0.11)
Diluted net income (loss) per share-Non-GAAP						\$0.00 to \$0.26
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						97,659
Shares used to compute diluted net income per share:						

Non-GAAP

101,165